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DDI- 04133-84/1

19 JUL 1984

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Executive Director

FROM: Robert M. Gates
Deputy Director for Intelligence

SUBJECT: Proposed DCI Response to Energy Secretary Hodel ☐ 25X1

1. Action: Your signature on the attached reply to Secretary of Energy Donald Hodel's letter to you of 3 July requesting the Agency's proposals for strategies, programs, and initiatives that might be considered during preparation of the next National Energy Policy Plan. ☐ 25X1

2. Background: The National Energy Policy Plan, submitted by President Reagan to Congress as required by law, is one of the Department of Energy's basic policy documents. It notes the principal goal of U.S. national energy policy is to foster an adequate supply of energy at reasonable costs. A dual strategy of minimizing federal control and involvement while promoting a balanced and mixed energy resource system has been adopted to achieve this goal. Federal programs in international energy security and cooperation, including emergency preparedness, international cooperation, and energy trade and transportation development, are critical to the strategy of promoting a balanced and mixed energy resource system. ☐ 25X1

Robert M. Gates

Attachment:
As stated

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SUBJECT: Proposed DCI Response to Energy Secretary Hodel

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DDI/OGI (17 July 1984)

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Central Intelligence Agency



Washington, D.C. 20505

DDI-04133-84
JUL 1984

The Honorable Donald P. Hodel
The Secretary of Energy
Washington, D.C. 20585

Dear Don:

Thank you for your letter of 3 July requesting our proposals for strategies, programs, and initiatives that might be considered during the preparation of the next National Energy Policy Plan. As you know, the Agency does not analyze U.S. energy needs or programs or make specific policy recommendations. On the international scene, however, there are some areas where we believe U.S. strategies and initiatives might contribute toward meeting the overall goal of ensuring adequate supplies of energy at reasonable cost.

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In our view, a program of primary reliance on the marketplace should continue as the main strategy for Federal energy plans. Market forces, however, will require some form of international or coordinated cooperation from time to time during emergencies. Some progress has already been made on this front within the International Energy Agency with the recent announcement of a coordinated stock program. Further efforts need to be made to ensure that foreign countries pursue programs aimed at increasing oil stockpiles for use during a supply disruption. The IEA and member governments can also serve a useful purpose as honest brokers of information during a crisis, keeping the market abreast of details as they become known during periods of heightened uncertainty when rumors often dictate market reaction.

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On the issue of energy security, I believe it is important that we keep abreast of developments in the European gas market. I continue to be concerned by the Europeans' pessimistic views of their future gas needs, an outlook that is already causing some lack of momentum on developing alternative gas supplies for the 1990s. At the same time, the Soviets continue to seek new gas markets, recently reaching agreement with Turkey on a sale, and making overtures to Belgium, Greece, and Sweden. I believe we need to make a continued effort in the IEA and bilaterally to ensure that the Europeans do not allow themselves to become even more dependent on Soviet gas for lack of developing alternative supplies in a timely fashion.

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Yours,

/s/ William J. Casey

William J. Casey
Director of Central Intelligence

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